

Annual Report

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INDIANA UTILITY  
REGULATORY COMMISSION

INDIANA TELEPHONE RELAY  
ACCESS CORPORATION FOR THE  
HEARING AND SPEECH IMPAIRED

For the fiscal year ended September 30, 2015

## InTRAC's 2015 Annual Report

The Indiana Telephone Relay Access Corporation for the Hearing and Speech Impaired (“InTRAC”) continued to provide quality and efficient service in its twenty-fourth year of telephone relay services (“TRS”) for hearing and speech-impaired callers.

**Description of Services.** Beginning October 1, 1992, InTRAC began providing TRS to Indiana citizens through Sprint, its relay provider. TRS allows an individual who has a hearing or speech impairment to communicate over the telephone with a hearing individual who uses a standard telephone. Sprint provides this service through the operation of a Network Call Distribution system with six TRS centers nationwide. Sprint currently provides relay service to 33 states, the Federal government, the Commonwealth of Puerto Rico, New Zealand, and the Virgin Islands. Individuals in Indiana with hearing or speech impairments can call these centers using a toll-free number (800-743-3333) or by dialing the three-digit number, 711. Persons with standard phones can also initiate calls to the centers.

At the centers, specially trained relay operators receive the incoming calls from either a standard phone user or a deaf, hard of hearing, or speech-impaired relay user. The operator then dials the desired number and connects the two telephone users. The operator reads aloud the text telephone message to the standard telephone caller and transmits that caller’s oral responses back to the non-standard telephone user through the text telephone, computer, or video phone.

InTRAC offers a variety of relay services to meet the special needs in the deaf, hard of hearing, or speech-impaired community. Those relay services include:

- **TTY** – If a person is deaf and does not voice, he or she may use a text telephone.
- **VCO** – If a person is hard of hearing but is able to voice, he or she may use Voice Carry Over service.
- **Captioned Telephone** – If a person is hard of hearing but is able to voice, he or she may use this Enhanced VCO.
- **Captioned Telephone on the internet (WebCapTel)** – If a person is hard of hearing and able to voice, he or she can use a standard telephone and a computer screen for Enhanced VCO on the internet.
- **HCO** – If a person can hear, but is not able to voice, he or she may use Hearing Carry Over.
- **Speech to Speech** – If a person can hear but has difficulties with unclear speech, he or she may use this service.
- **Spanish to Spanish** – If a person is deaf and needs the conversation understood in Spanish, this option is available.
- **Video Relay Service (VRS)** – If a person is deaf and using American Sign Language, the interpreter/operator will appear on a screen of the computer, video phone, or smartphone and will place the call in the same way as a standard relay call.
- **Internet Relay** – If a person is deaf or hard of hearing, he or she may use a computer or smartphone to see what is typed by the operator (while the standard

phone user speaks) and can type so the relay operator can voice back to the standard phone user.

- **Voice User** – If a person uses a standard phone and wishes to speak with others who use special equipment to communicate, he or she can connect to Relay.

The VRS provides the deaf community an opportunity to use their primary form of communication – sign language. VRS users must have high-speed internet connectivity and either a webcam or a videophone. VRS users go online to any of the five video relay providers and see a live interpreter at the relay center on their screen. VRS users then sign their conversations to the interpreter who voices the call for them. The standard phone users' responses are then signed back to the deaf user. This is real-time communication and a much more natural form of conversation. Access to VRS or Internet Relay may also be obtained via an app on any smartphone.

The WebCapTel service is popular with the hard of hearing. WebCapTel allows users to log onto an internet website and connect to an operator. The operator then calls the user on a standard telephone. Now the users can use their voice over the standard telephone but use their computer screen to view the text.

Currently, IP Relay, VRS, and WebCapTel are funded at the federal level. If InTRAC were to pay for IP Relay and VRS calls terminating within Indiana at the current rate, the costs would more than double the costs currently funded by InTRAC.

The operators who staff the TRS centers are well trained. To be employed, each must pass an examination that covers spelling, typing, dictation, TRS procedures, certain aspects of American Sign Language, deaf culture, ethics, etiquette, and a confidentiality statement.

InTRAC's TRS centers process several types of calls including: local calls, intrastate long distance calls, interstate long distance, and international calls that originate in Indiana. Users of the centers can choose the carrier they wish to process their long distance calls to the same extent standard phone users may choose their long distance carriers.

No special charge is imposed on those who use the TRS centers. Neither the party originating nor the party receiving a call processed by the centers pay a surcharge for calls originating and terminating within the same toll-free, local calling area – even though the call must pass through the TRS centers located throughout the country. Similarly, those who use the centers to make long distance calls are charged rates no greater than the rates paid for functionally equivalent voice communication services.

Because InTRAC's relay services are processed through a Network Call Distribution system, and have the ability to automatically process calls through several TRS centers, it is unlikely that service will ever be disrupted by a cable cut, adverse weather or other event. Each center provides TRS to Indiana callers seven days a week, 52 weeks a year, and each is equipped with state-of-the-art telecommunications equipment and software. Each center can receive messages from text telephones that use Baudat and ASCII codes and can automatically identify the types of incoming signals.

**Developments During the Year.** During InTRAC's 2015 fiscal year, the following activities occurred.

**Equipment Loaner Program.** InTRAC initiated an equipment loaner program in 1997 for hearing and speech impaired persons unable to afford a TTY. Since that time, we have lent more than 7,900 pieces of equipment. InTRAC repairs and replaces the units as necessary. As technology improves, InTRAC is committed to providing the most updated equipment to individuals who have a financial need in order that they too are able to utilize the relay service.

Currently, InTRAC lends a Superprint 4425 TTY; a multipurpose Uniphone 1140 for VCO/HCO/TTY users; and CapTel units for Enhanced VCO captioning relay calls. Citizens of Indiana earning below the median income can apply to receive equipment on loan from InTRAC. Additionally, InTRAC has a trial program to loan iPads to the Speech impaired community.

**Service Volume.** In the twelve months ending September 30, 2015, InTRAC/Relay Indiana has processed 374,721 minutes of TRS calls and 1,036,654 minutes of CapTel calls. The number of minutes for TRS and CapTel calls has decreased. Traditional TRS use continues to decline as users have migrated to VRS calls. And, many CapTel calls are being processed using the internet.

The chart below shows the number of minutes of use by InTRAC's TRS and CapTel centers and the comparison over the last three years.

<b>TRS Year of Operation</b>	<b>Inbound Calls</b>	<b>Outbound Calls</b>	<b>Session Minutes</b>
2013	73,453	89,747	560,563
2014	61,289	74,486	503,344
2015	42,197	51,781	382,037
<b>CapTel Year Of Operation</b>	<b>Data Calls</b>	<b>Voice Calls</b>	<b>Session Minutes</b>
2013	371,511	91,784	1,549,834
2014	346,272	86,271	1,486,373
2015	281,655	69,530	1,198,716

**Complaint Filing.** On July 1, 2015, InTRAC filed its Annual Report of Complaints with the FCC. Users of InTRAC's relay centers have been extremely pleased with the overall quality of the service. The 720,198 calls processed by the centers during June 2014 – May 2015 resulted in seven complaints.

**Service levels.** The FCC has established quite stringent operational, technical and functional standards for telecommunications relay services. For example, 85% of the calls received in the relay center must be answered in ten seconds or less. During 2015, InTRAC's numbers exceeded the FCC performance standard, with 95% of the calls answered in ten seconds or less. The average answer time for all calls was 1.6 seconds. A second important FCC requirement for relay service providers is that the grade of service must be a minimum of PO1. This means that if one hundred people simultaneously call the relay center during the busiest

period of the day, only one call would be blocked due to the lack of available telephone equipment. InTRAC's results have continuously exceeded this requirement.

**Promotional Activities.** An important part of InTRAC's mission is to ensure that Indiana citizens are aware of the relay services that InTRAC provides. Toward that end, InTRAC has engaged in a number of promotional activities.

In the 2014 - 2015 fiscal year, InTRAC contacted over 22,460 people throughout the state at 101 events such as conferences, trade shows, Expos, town hall meetings, and other informational meetings in 30 cities. Additionally, Indiana residents were informed about Relay Indiana services by radio, television, and print advertisements.

- **Outreach Personnel** – InTRAC employs a member of the Deaf community to travel throughout the state to communicate the role of InTRAC, the telecommunications providers, Federal Communications Commission rules and orders, and the relay service as well as support the expanding office operations. He then provides feedback to InTRAC about concerns of the Deaf and hard of hearing community regarding Relay Indiana or the Equipment Distribution Program.
- **Contracted Outreach.** – InTRAC continues to contract with an individual to provide community outreach for the CapTel units and the captioning service through relay. As the outreach has increased, so has the distribution of CapTel units. This person is providing presentations to a variety of clubs, churches, nursing homes, disability expos, and hospitals to reach the hard of hearing community. As more organizations learn about our CapTel presentations, we are being contacted and invited to attend many more events.
- **TRS & CapTel Outreach** – Events were held in the following Indiana communities in 2014-2015: Angola, Auburn, Aurora, Bloomington, Brownsburg, Carmel, Chesterton, Clarksville, Columbus, Danville, Evansville, Fishers, Florence, Fort Wayne, Greenfield, Greenwood, Henryville, Hobart, Indianapolis, Lafayette, Lawrenceburg, Marion, Muncie, New Albany, Plainfield, South Bend, Vincennes, and West Lafayette.
- **Major Promotional TRS Events** – Events were held for Fort Wayne Deaf Festival, Northwest Indiana Deaf Festival, Indiana Deaf School, basketball and football homecomings, IU basketball game, Purdue Football game, WTHR Health and Wellness Fair, Indiana Deaf Education conference, National Deaf Youth Sports Festival, American Society for Deaf Children National Conference, National Deaf Schools baseball and wrestling tournaments, and Community Day at South Bend minor baseball game.
- **Indiana University** – InTRAC and Relay Indiana sponsored the IU-IPFW basketball game on December 9, 2015 in Bloomington. With the sponsorship, Relay Indiana gained exposure to 17,000 fans at Assembly Hall via the logo on the front of the program book, a one-page ad inside the program, a radio interview, halftime presentation of the game ball at center court and frequent displays of the Relay Indiana logo on the floor billboards and scoreboard during the game. The radio interview, Relay Indiana ads, and mention of our name were heard by numerous citizens throughout the state of Indiana on IU broadcasting stations.
- **WTHR Health and Wellness Fair** – InTRAC was a day sponsor at the two-day health fair which drew nearly 8,000 attendees. The event and again featured personalities such

as Indianapolis Colts quarterback Andrew Luck, the WTHR newscast team and other celebrities.

- **Television Advertisements.** InTRAC continued to advertise on WTHR in 2015. The CapTel ad depicts a hard-of-hearing person who is trying to use the phone but cannot hear the person on the other end. Information is then given to viewers about how to obtain a CapTel phone and learn more about the service. WISH-TV aired ads during the Mini-Marathon in the month of May activities in Indianapolis. Patty Spitzer, a long-time Indiana celebrity, continues to star in an ad promoting CapTel and Relay Indiana. This ad runs on her show PetPalsTV each Sunday morning as well on WISH-TV throughout the week.
- **Print Advertisements.** InTRAC is currently advertising in the *SeniorLife* newspaper which reaches more than 130,000 readers monthly within central and northern Indiana. Also we reach central Indiana with ads in the *Indy Bi-Weekly Post*, and the Bluffton area with ads in the *News-Banner/Echo Ossian Journal/Sunrises News*.
- **Radio Advertisements.** InTRAC continued to advertise on Network Indiana/WIBC which covers 65 radio stations within Indiana. The ads explain how the captioned telephone can help users increase their self esteem and regain their independence. The ads vary from actual interviews with CapTel users and a promotion by a local celebrity about using the phone in the business world. IU Sports Radio aired Relay Indiana ads on the sponsored night. iHeart Radio Channel airs ads focused on the audiences who attended too many concerts and now have trouble with their hearing.

**Annual Meeting.** On December 15, 2015, InTRAC held its annual meeting. To maintain continuity in its leadership, InTRAC's directors are elected to staggered three-year terms. Consequently, only two of the seven directors' seats are up for election at each annual meeting. At the annual meeting, Pepper Mulherin, AT&T, was elected to a three-year term.

**Board of Directors.** Members of the Board are as follows: Alan Matsumoto, Century Link Telephone, President; Martha Niehaus, Perry Spencer R.T.C., Secretary; Sharon McKay, NITCO, Treasurer; Cindy Taylor, Ligonier Telephone; Robert Stewart, Frontier Communications; Pepper Mulherin, AT&T; and Rhonda Marcum, Deaf and Hard of Hearing Services, State of Indiana.

**Test of Surcharge Collected and Remitted by Members.** InTRAC engaged its accounting firm, Kehlenbrink, Lawrence & Pauckner, to perform tests of the books and records of local exchange carriers and cellular providers that are members of InTRAC to determine whether the members are properly collecting and remitting the surcharge that funds InTRAC's operations. Our accountants confirmed that all surcharges were properly collected and remitted.

**Audit of Sprint Billings.** InTRAC provides TRS under a contract with Sprint Services. InTRAC pays Sprint based upon the number of minutes of relay service provided. Under the contract, InTRAC has the right to audit and test Sprint's books and records to ensure that InTRAC is billed properly. Toward that end, InTRAC's accounting firm of Kehlenbrink, Lawrence & Pauckner audited and tested Sprint's books and records, and confirmed that InTRAC was billed properly by Sprint.

**Financial Statements.** Financial statements prepared by the independent accounting firm of VonLehman & Company, Inc. meeting the requirements of Ind. Code § 8-1-2.8-21(6)(D) are attached.

**FILED**

MAY 04 2016

INDIANA UTILITY  
REGULATORY COMMISSION

**Indiana Telephone Relay Access Corporation  
For the Hearing and Speech Impaired**

**(InTRAC)**

**Projected Statements of Cash Flows**



**Indiana Telephone Relay Access Corporation  
For the Hearing and Speech Impaired**

**(InTRAC)**

Indianapolis, Indiana

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To the Board of Directors  
Indiana Telephone Relay Access Corporation for  
the Hearing and Speech Impaired (InTRAC)

We have compiled the accompanying projected statements of cash flows for the years ending September 30, 2016, 2017 and 2018, in accordance with the guidelines established by the American Institute of Certified Public Accountants.

The accompanying projected cash flows statement presents, to the best of management's knowledge and belief, InTRAC's projected cash flows for the projection periods that would result if relay costs and surcharge revenues are as described in the list of assumptions. Financial position and results of operations are not intended to be projected. These projected cash flows statements were prepared for the InTRAC Board of Directors and are intended to be used by InTRAC to satisfy its obligation under Section 8-1-2.8-21(3) of the Indiana Code to file reasonable projections of anticipated funding requirements with the Indiana Utility Regulatory Commission and should not be used for any other purpose.

A compilation is limited to presenting projected information that is the representation of management and does not include evaluation of the support for the assumptions underlying such information. We have not examined the projected statements of cash flows and accordingly, do not express an opinion or any other form of assurance on the accompanying statements. Furthermore, there will usually be differences between projections and the actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update our report for events and circumstances occurring after the date of this report.

We are not independent with respect to Indiana Telephone Relay Access Corporation for the Hearing and Speech Impaired.

A handwritten signature in cursive script, appearing to read 'Kehlenbrink Lawrence &amp; Pauckner'.

April 28, 2016

## InTRAC

### Projected Statements of Cash Flows Surcharge of \$0.03

	For the Years Ending September 30,		
	<u>2016</u>	<u>2017</u>	<u>2018</u>
Cash Provided by			
Local exchange carriers	\$ 691,920	\$ 643,680	\$ 599,040
Wireless service providers	1,994,040	2,076,120	2,161,800
Investment income	<u>200,239</u>	<u>222,515</u>	<u>251,618</u>
Total	<u>2,886,199</u>	<u>2,942,315</u>	<u>3,012,458</u>
Cash Used by			
Relay service expense	1,487,480	1,391,466	1,252,950
Advertising costs	206,000	216,300	227,115
Other operating expenses	620,700	629,400	638,300
Program costs	<u>92,600</u>	<u>93,560</u>	<u>95,075</u>
Total	<u>2,406,780</u>	<u>2,330,726</u>	<u>2,213,440</u>
Net Change in Cash and Cash Equivalents	479,419	611,589	799,018
	<u>5,018,153</u>	<u>5,497,572</u>	<u>6,109,161</u>
Ending Cash and Cash Equivalents	<u>\$ 5,497,572</u>	<u>\$ 6,109,161</u>	<u>\$ 6,908,179</u>

See accompanying summary of significant projection assumptions and accounting policies and accountants' report.

# InTRAC

## Summary of Significant Projection Assumptions and Accounting Policies

### General

This financial projection of cash flow presents, to the best of management's knowledge and belief, the expected results of cash flows for the projection period. Accordingly, the projection reflects management's judgment as of April 28, 2016, the date of this projection, of the expected conditions and its expected course of action. The presentation is designed to provide information for the InTRAC Board of Directors and the Indiana Utility Regulatory Commission and cannot be considered to be a presentation of expected future results. Accordingly, this projection may not be useful for other purposes. The assumptions disclosed herein are those that management believes are significant to the projection. There will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

### Significant Accounting Policies

The summary of significant accounting policies are as stated on pages 5 and 6 in the historical audited financial statement for the year ended September 30, 2015 set forth in this document.

### Revenue

The monthly surcharge that funds InTRAC's operations is \$.03.

The surcharge will be assessed on an average of 1,922,000 wire lines in the projection year ending September 30, 2016. Based on the change in access lines between the periods of January 2016 and January 2015, it is assumed that these lines will decrease at an annual rate of 6.96% from September 30, 2015 forward.

The surcharge will be assessed on an average of 5,539,000 wireless customers in the projection year ending September 30, 2016. A comparison of wireless customers at January 2016 and January 2015 indicates annual growth rates of approximately 4.12%. Accordingly, we have assumed that wireless customers will grow at a rate of 4.12% in the years ending September 30, 2016, 2017, and 2018.

Revenue calculations for the projection year ending September 30, 2016 are as follows:

LEC Customers	1,922,000 X \$.03 X 12	= \$ 691,920
Wireless Customers	5,539,000 X \$.03 X 12	= \$ 1,994,000

## InTRAC

### Summary of Significant Projection Assumptions and Accounting Policies

#### Revenue (Continued)

Based on the current economic climate and the asset allocation of the investment portfolio, the investment rate of return is assumed to be 3.78% (the current Dow Jones 20 bond yield equal to 2.28% plus 1.5%). Excess cash reserves will be invested in mutual funds investing in debt, equity and fixed income securities; in corporate and government bonds; and in annuities.

#### Relay Service Expense

The cost of relay service is based on minutes of use at a cost per minute of [REDACTED] through October 2016. The contract for relay services expires in October 2016. Management estimates that the cost of relay service will increase to [REDACTED] per minute with the new contract which would be effective for 2017 and 2018. Billable minutes measured during fiscal years ending September 30, 2015 and 2014 decreased at rates of 21.42% and 8.99% respectively.

For the purposes of this projection it is assumed that billable minutes will continue to decrease at a rate of approximately 21% in 2016. Thereafter billable minutes will decrease at a rate of approximately 11%. Estimated billable minutes for the projection year ending September 30, 2016 will be 268,000.

The cost of providing service for captioned telephones will be based on minutes of use at a cost per minute of [REDACTED] through October 2016. The contract for captioned telephone service expires in October 2016. Management estimates that the cost of captioned telephone service could increase to [REDACTED] per minute with the new contract which would be effective for 2017 and 2018. Billable minutes measured during fiscal years ending September 30, 2015 and 2014 respectively decreased at rates of 20.33% and 3.94%. Based on the yearly change in billable minutes through September 2015, it is estimated that billable minutes will decrease for 2016 at a rate of 20.33%. For the purposes of this projection it is assumed that billable minutes will continue to decrease at a rate of approximately 20% in 2016. Thereafter billable minutes will decrease at a rate of approximately 10%. Estimated billable minutes for the projection year ending September 30, 2016 will be 766,000.

#### Administrative Expenses

The annual cost of the administration of InTRAC is estimated to be \$826,700, \$845,700, and \$865,415 for the years ending in 2016, 2017, and 2018, respectively. This includes \$206,000, \$216,300, and \$227,115 that will be budgeted for advertising for each projection year respectively.

## InTRAC

### Summary of Significant Projection Assumptions and Accounting Policies

#### Other Considerations

Cash and cash equivalents are defined as deposits maintained in various bank accounts and investments in equity and interest-bearing securities.

Funding for the provision of Video Relay Services, Internet Relay Services, and Web CapTel Services is currently provided by the federal government. Funding for these services may shift to the state level sometime in the future. The timing of this shift is unknown currently, but it is not expected to shift in the three years presented.

The assumptions disclosed are not necessarily all-inclusive.